

Senate Bill No. 470

CHAPTER 659

An act to add Part 4 (commencing with Section 52200) to Division 1 of Title 5 of the Government Code, relating to community development.

[Approved by Governor October 8, 2013. Filed with
Secretary of State October 8, 2013.]

LEGISLATIVE COUNSEL'S DIGEST

SB 470, Wright. Community development: economic opportunity.

Existing law generally regulates the power of cities, counties, and cities and counties.

This bill would state the intent of the Legislature to promote economic development on a local level so that communities can enact local strategies to increase jobs, create economic opportunity, and generate tax revenue for all levels of government. The bill would define economic opportunity to include certain types of agreements, purposes, and projects, and declare that it is the policy of the state to protect and promote the sound development of economic opportunity in cities and counties, and the general welfare of the inhabitants of those communities through the employment of all appropriate means.

The bill would state that the creation of economic opportunity and the provisions for appropriate continuing land use and construction policies with respect to property acquired, in whole or in part, for economic opportunity constitute public uses and purposes for which public money may be advanced or expended and private property acquired. The bill would provide that before certain returned city, county, or city and county property is sold or leased for development, the sale or lease shall first be approved by the legislative body, as specified. The bill would authorize a city, county, or city and county to establish a program under which it loans funds to owners or tenants for the purpose of rehabilitating commercial buildings or structures and to assist with the financing of facilities or capital equipment as part of an agreement that provides for the development or rehabilitation of property that will be used for industrial or manufacturing purposes, as specified.

The people of the State of California do enact as follows:

SECTION 1. Part 4 (commencing with Section 52200) is added to Division 1 of Title 5 of the Government Code, to read:

PART 4. ECONOMIC OPPORTUNITY

CHAPTER 1. GENERAL PROVISIONS

52200. It is the intent of the Legislature to do all of the following:

(a) Promote economic development on a local level so that communities can enact local strategies to increase jobs, create economic opportunity, and generate tax revenue for all levels of government.

(b) Give local governments tools, at no cost to the state, that allow local governments to use their funds in a manner that promotes economic opportunity.

(c) With the loss of redevelopment funds, cities, counties, and cities and counties need to continue certain powers afforded to redevelopment agencies that were critical to economic development, yet do not have an impact on schools and the state budget.

52200.2. As used in this part “economic opportunity” means any of the following:

(a) Development agreements or other agreements that create, retain, or expand new jobs, in which the legislative body finds that the agreement will create or retain at least one full-time equivalent, permanent job for every thirty-five thousand dollars (\$35,000) of city, county, or city and county investment in the project after full capacity and implementation.

(b) Development agreements that increase property tax revenues to all property tax collecting entities, in which the legislative body finds that the agreement will result in an increase of at least 15 percent of total property tax resulting from the project at full implementation when compared to the year prior to the property being acquired by the government entity.

(c) Creation of affordable housing, if a demonstrated affordable housing need exists in the community, as defined in the approved housing element or regional housing needs assessment.

(d) Projects that meet the goals set forth in Chapter 728 of the Statutes of 2008 and have been included in an adopted sustainable communities strategy or alternative planning strategy or a project that specifically implements the goals of those adopted plans.

(e) Transit priority projects, as defined in Section 21155 of the Public Resources Code.

52200.4. It is declared to be the policy of the state:

(a) To protect and promote the sound development of economic opportunity in cities and counties and the general welfare of the inhabitants of those communities through the employment of all appropriate means.

(b) That whenever the creation of economic opportunity in cities and counties cannot be accomplished by private enterprise alone, without public participation and assistance in the acquisition of land, in planning and in the financing of land assembly, in the work of clearance, and in the making of improvements necessary therefor, it is in the public interest to advance

or expend public funds for these purposes, and to provide a means by which economic opportunity can be created.

(c) That the creation of economic opportunity and the provisions for appropriate continuing land use and construction policies with respect to property acquired, in whole or in part, for economic opportunity constitute public uses and purposes for which public money may be advanced or expended and private property acquired, and are governmental functions of state concern in the interest of health, safety, and welfare of the people of the state and cities and counties.

(d) That the necessity in the public interest for the provisions of this part is declared to be a matter of legislative determination.

52200.6. This chapter shall not be interpreted to authorize the use of eminent domain for economic development purposes.

CHAPTER 2. SALES AND LEASES

52201. (a) (1) Before any city, county, or city and county property that is returned to the city, county, or city and county per the long-range property management plan, pursuant to Section 34191.5 of the Health and Safety Code, is sold or leased for economic development purposes, the sale or lease shall first be approved by the legislative body by resolution after public hearing. Notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community at least once per week for at least two successive weeks, as specified in Section 6066, prior to the hearing.

(2) The city, county, or city and county shall make available, for public inspection and copying at a cost not to exceed the cost of duplication, a report no later than the time of publication of the first notice of the hearing mandated by this section. This report shall contain both of the following:

(A) A copy of the proposed sale or lease.

(B) A summary that describes and specifies all of the following:

(i) The cost of the agreement to the city, county, or city and county, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the city, county, or city and county, plus the expected interest on any loans or bonds to finance the agreements.

(ii) The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the general plan or zoning.

(iii) The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use, then the city, county, or city and county shall provide as part of the summary an explanation of the reasons for the difference.

(iv) An explanation of why the sale or lease of the property will assist in the creation of economic opportunity, with reference to all supporting facts and materials relied upon in making this explanation.

(b) The resolution approving the lease or sale shall be adopted by a majority vote unless the legislative body has provided by ordinance for a two-thirds vote for that purpose and shall contain a finding that the sale or lease of the property will assist in the creation of economic opportunity. The resolution shall also contain one of the following findings:

(1) The consideration is not less than the fair market value at its highest and best use.

(2) The consideration is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the sale or lease.

(c) The provisions of this section are an alternative to any other authority granted by law to cities to dispose of city-owned property.

52202. A city, county, or city and county may establish a program under which it loans funds to owners or tenants for the purpose of rehabilitating commercial buildings or structures.

52203. (a) As part of an agreement that provides for the development or rehabilitation of property that will be used for industrial or manufacturing purposes, a city, county, or city and county may assist with the financing of facilities or capital equipment, including, but not necessarily limited to, pollution control devices.

(b) Prior to entering into an agreement for a development that will be assisted pursuant to this section, a city, county, or city and county shall find, after a public hearing, that the assistance is necessary for the economic feasibility of the development and that the assistance cannot be obtained on economically feasible terms in the private market.